

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 2616 - HB 3286

March 11, 2012

SUMMARY OF BILL: Requires local education agencies to adopt a performance-based salary schedule for instructional personnel hired after March 1, 2013. Requires the performance-based salary schedule to be adopted by LEAs by March 1, 2013. Requires LEAs to also adopt a grandfathered non-performance-based salary schedule for instructional personnel hired before March 1, 2013, based on the salary schedule in effect for the 2012-2013 school year with no more than a five percent cost-of-living increase. Employees hired before March 1, 2013 will have the option to utilize the new performance-based salary schedule instead of the non-performance-based one; however, once such employees switch salary schedules, they are prohibited from returning to the non-performance-based salary schedule. Requires the performance-based salary schedule to provide annual salary adjustments and supplements.

Requires the base salary for instructional personnel, who opt into the performance-based salary schedule, to be the prior year's salary paid with a cost-of-living adjustment not to exceed five percent. Requires the base salary of the performance salary schedule to be recalculated each year to include the prior year's salary and any salary adjustments earned by the employee.

Requires each LEA to set a maximum base salary for instructional personnel that cannot be exceeded. Prohibits an employee from receiving additional salary adjustments once they reach the maximum base salary; however, such employees may maintain eligibility for salary supplements. Authorizes LEAs to recalculate the maximum base salary each school year, as needed.

Requires the annual eligible salary adjustment for instructional personnel using the performance-based salary schedule to be greater than the highest annual salary increase available to an employee of the same classification who is utilizing the grandfathered salary schedule. Requires the total salary adjustment to be no less than 10 percent of the lowest base salary of the grandfathered salary schedule. Salary adjustments may be determined by the local board within the following provisions: No more than 50 percent of salary adjustments shall be based on classroom observation and at least 50 percent of the salary adjustment shall be based on student growth for instructional personnel in subjects that are tested. Requires the LEA to adopt specific growth measures. Prohibits the total eligible salary adjustment for personnel in tested subjects to exceed the total salary adjustment for personnel in non-tested subjects. Prohibits a salary adjustment for an employee whose overall teaching evaluation score is "below expectations" or "significantly below expectations."

Requires salary supplements to be given for activities, including but not limited to, assignment to a Title I eligible school; assignment to a school in restructuring or reconstitution status; teaching in a critical teacher shortage area; and assignment of additional academic responsibilities. Salary supplements shall be counted as earnable compensation for the purposes of retirement.

Requires all instructional personnel who receive an overall teaching evaluation score of “below expectations” or “significantly below expectations” to be given a professional development reimbursement in the year following the evaluation in an amount not to exceed \$1,000 annually. Prohibits the performance-based salary schedule from being reduced on the basis of total cost or the value of individual awards in a manner proportionally greater than reductions to other salary schedules in a year with budget constraints that limits the LEA’s ability to fully fund all salary schedules. Authorizes LEAs to provide a cost-of-living adjustment if the adjustment is equivalent to less than five percent of the annual salary for instructional personnel and does not exceed 25 percent of the overall annual eligible salary adjustment. Prohibits LEAs from using advanced degrees to set salaries, salary adjustments, or supplements for instructional personnel who are hired on or after March 1, 2013, unless the degree is in the person’s area of certification.

Removes the definitions of state training and experience and removes the requirement that the Commissioner of Education formulate a table of training and experience factors to be used in salary schedules. Authorizes a board of education to make salary readjustments of licensed personnel in relation to salaries of other licensed personnel in the LEA with comparable responsibilities and evaluations. Deletes Tenn. Code Ann § 49-5-402 in its entirety. This section sets forth the establishment and requirements for salary ratings. Deletes requirements in Tenn. Code Ann. § 49-5-5212, § 49-5-5308, and § 49-5-5508 that require personnel in these sections to receive any local pay to which other personnel in the same position with similar training and experience receive.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures – Not Significant

Increase Local Expenditures - \$9,727,000*

Assumptions:

- No impact on the BEP funding formula. Any increase in state expenditures will be not significant.
- LEAs will reallocate existing salary spending to implement the new performance pay salary schedules and supplements. No increase in local expenditures for new performance pay salary schedules or supplements.
- Any increase in local expenditures to develop performance pay salary schedules and supplements will be not significant.

- LEAs will be required to give professional development reimbursement up to \$1,000 for teachers who receive an overall teaching evaluation score of “below expectations” or “significantly below expectations.” The Department of Education estimates that 15 percent of teachers or 9,727 will receive such scores.
- The increase in local expenditures for professional development reimbursement will be \$9,727,000 (9,727 x \$1,000).

**Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read 'Lucian D. Geise', written in a cursive style.

Lucian D. Geise, Executive Director

/msg